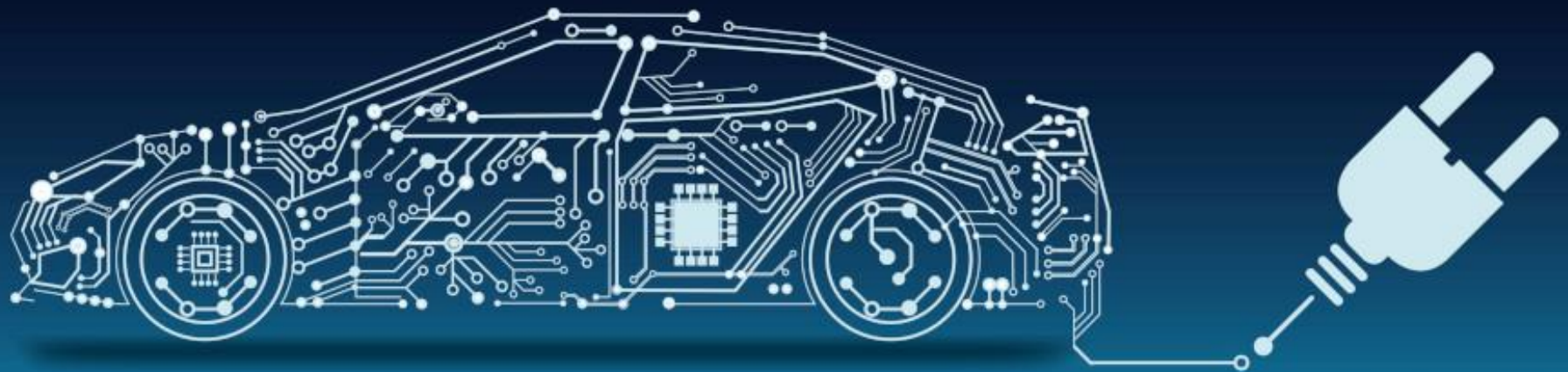


# THE PATH TO A NEW DIMENSION


November,  
December 2023



# A global player **at the heart of technologies** who drives the industry forward and shapes **a more sustainable society**

## 2022 Key figures

 SALES  
**1,115 M€**

 CURRENT EBITDA  
**€186m.**  
*16.7% of sales*

 R&D CENTERS  
**18**

 EMPLOYEES  
**7,315**

 COUNTRIES  
**34**

## 2 Expertises with leading positions

**Advanced Materials (56% of sales):** High value-added customized solutions (graphite)  
**Electrical Power (44% of sales):** A unique product portfolio serving electrical protection and power conversion (fuses)

Recognized **CSR** commitment and strategy

**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA



WE SUPPORT

**CDP**  
DISCLOSER  
**2022**

# Why invest in Mersen?



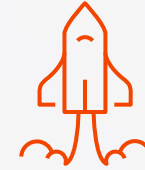
Positioned on **promising markets** (EV, new-generation of semiconductors, renewable energies)

- Solid medium-term growth prospects (> 20% CAGR over the next 5 years on those markets)
- Ambitious capex plan with high return on investment



High **added-value expertise**

- Strong culture of innovation (customized products)
- High barriers to entry
- Leadership position with 15-30% market share



Significant **value creation potential**

- Strong pricing power
- Culture of operational excellence and cash flow
- A solid, fully integrated CSR strategy

# 2 expertises with strong market shares

## ADVANCED MATERIALS

High **value-added customized solutions** relying on a **unique materials expertise**

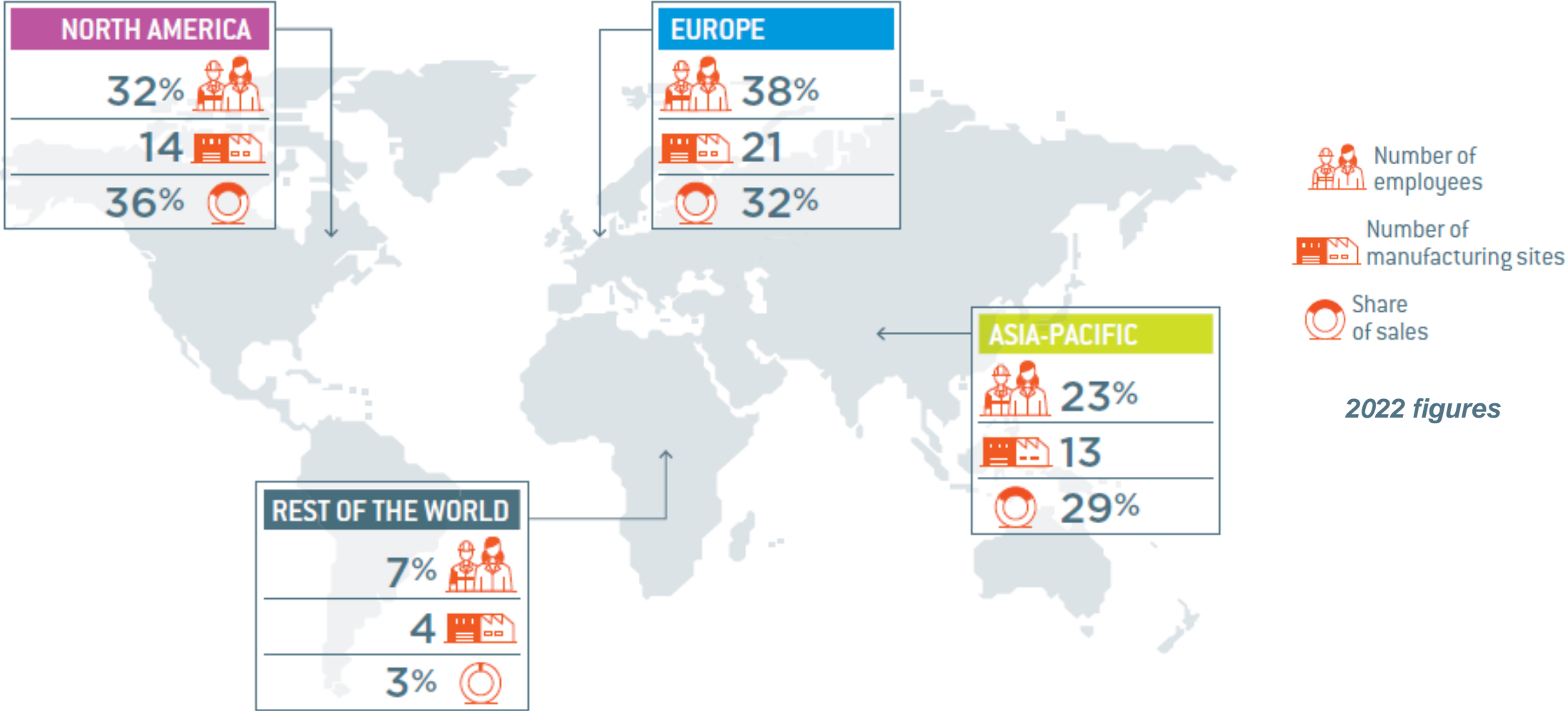
- **N°1-2** worldwide
- **Customized** products
- Mainly consumables
- **High barriers to entry**
  - Graphite Formulation
  - Manufacturing capacity
  - Worldwide footprint
- **Competitors:** SGL Carbon, Tokai Carbon, Toyo Tanso, Morgan Advanced Materials

## ELECTRICAL POWER

A **unique portfolio** serving two **key applications:** electrical protection and power conversion

- **N°2** worldwide
- **Customized** products and catalog (fuses)
- **High barriers to entry**
  - Broad range of products
  - Homologation & standards
  - Worldwide footprint
- **Competitors:** Eaton, Littelfuse, Rogers, Methode, Lytron, Panasonic

# A global footprint to maximize customer intimacy



# Dynamic markets (semiconductors, electric vehicles and renewable energies) that will sustain future growth



Chemicals



Process industries



Transportation

Rail  
Aeronautics



Energies

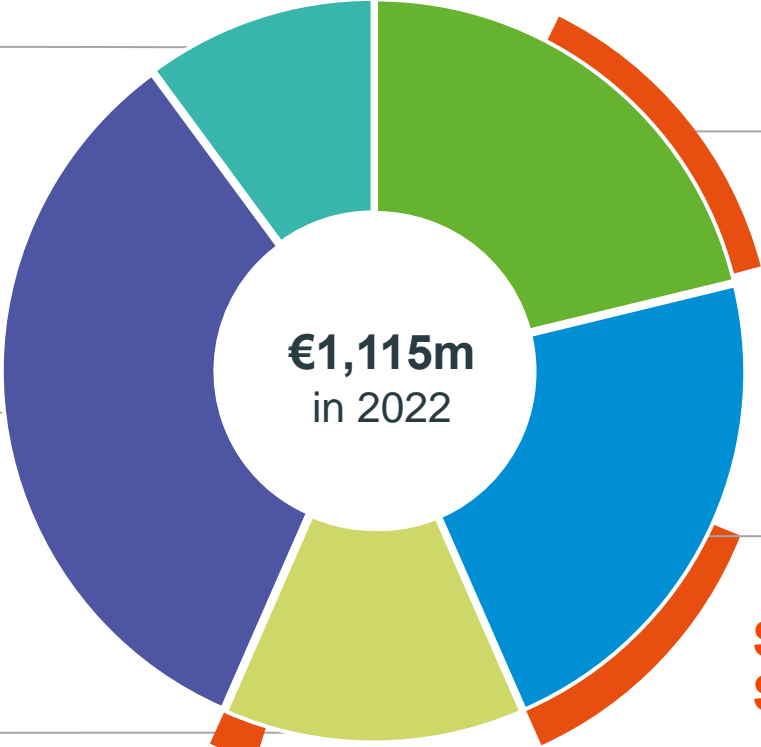
Solar  
Wind  
Hydro



Electronics

SiC semiconductors  
Si semiconductors

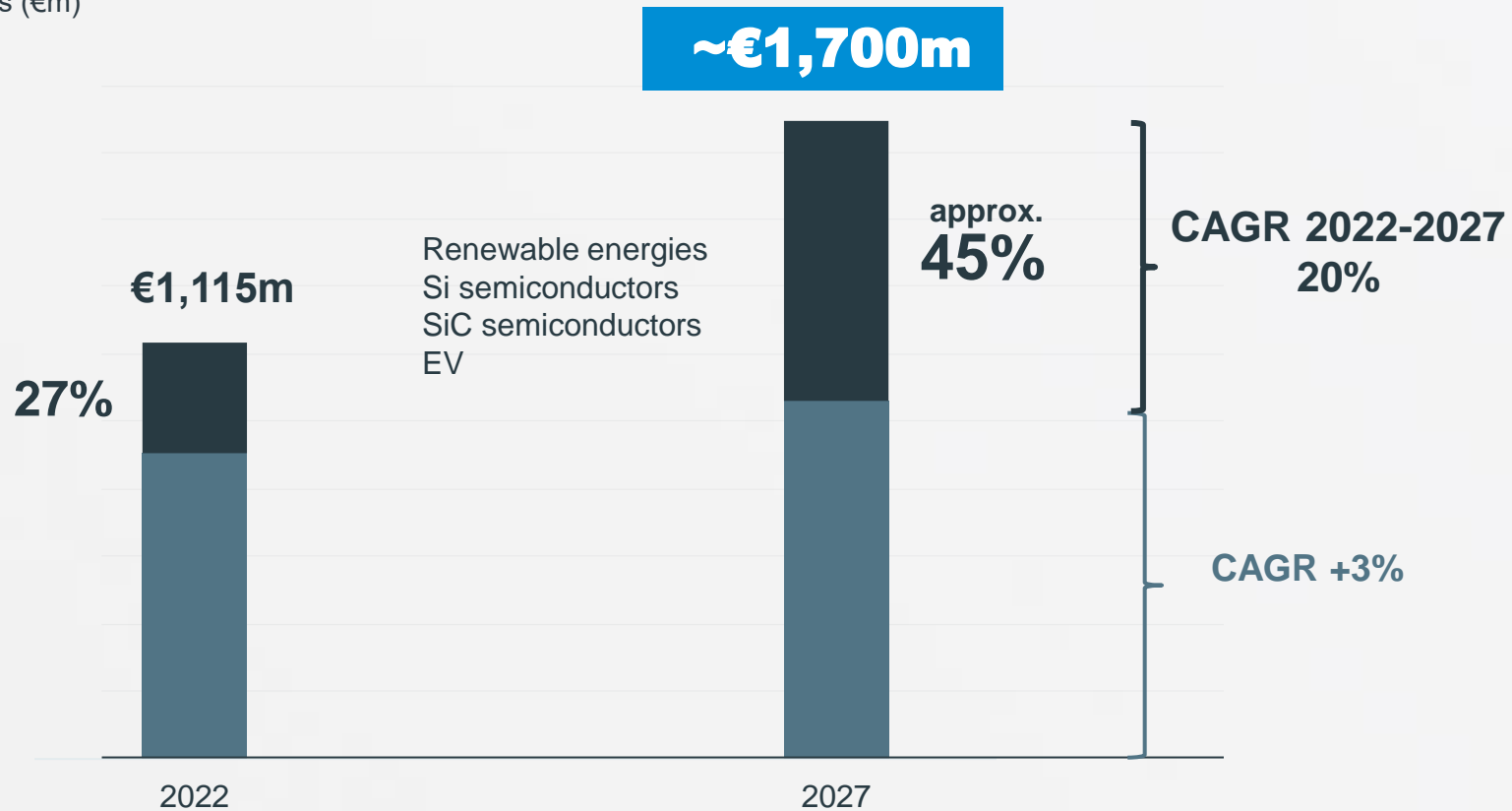
EV



€1,115m  
in 2022

# 2027: a new dimension

Sales (€m)



By 2027

OPERATING MARGIN BEFORE  
NON-RECURRING ITEMS

**12% ±50pts**

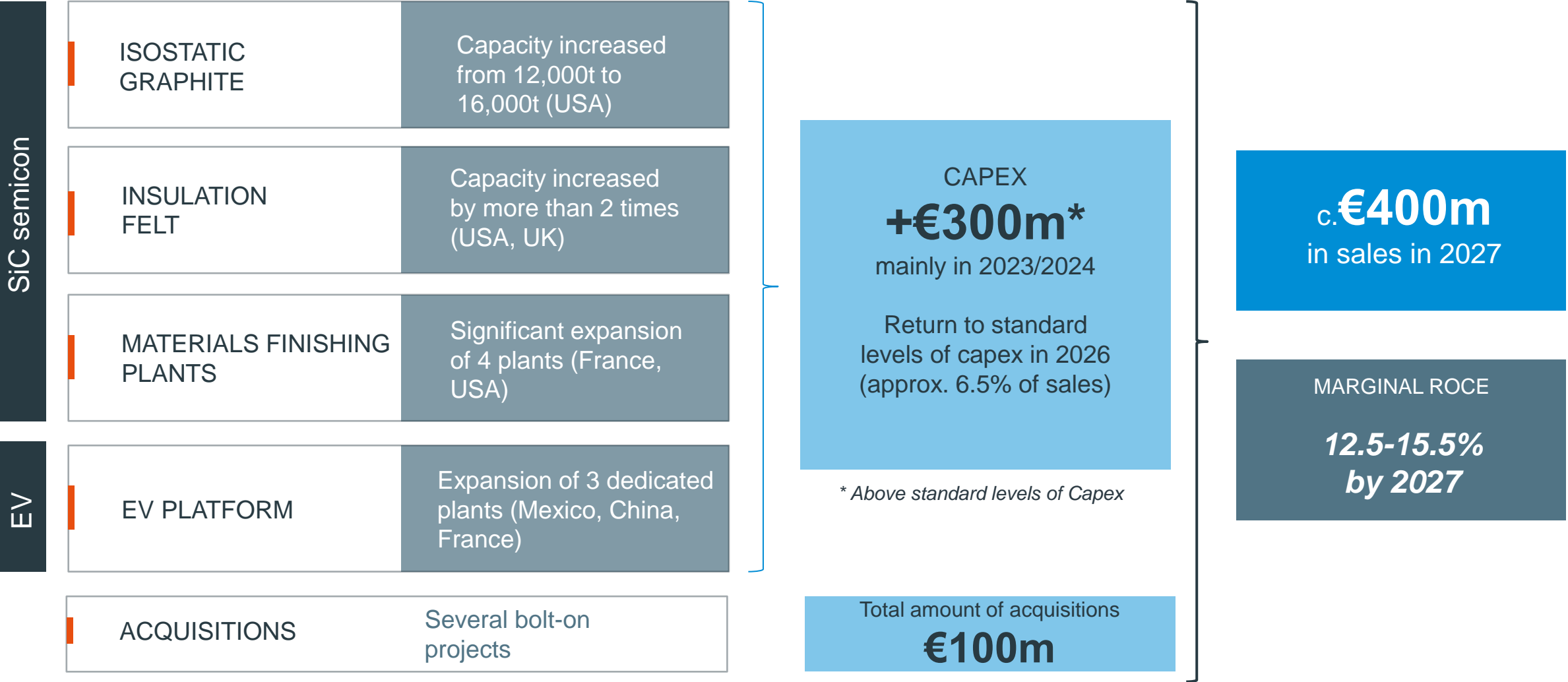
RECURRING EBITDA MARGIN

**19% ±50pts**

ROCE

**13% ±50pts**

# An investment plan to support this strong growth





# Capital increase of approx. €100 million



IMPLEMENTING THE NEW 2027 ROADMAP...



...WHILE MAINTAINING FINANCIAL AND STRATEGIC FLEXIBILITY



ASSOCIATE ALL SHAREHOLDERS TO THIS NEW DIMENSION



**Capital increase with preferential subscription rights for existing shareholders of approx. €100 million, supported by Bpifrance Participations, a strategic shareholder of Mersen.**

# Mersen is ideally positioned to capture growth in the EV market, both upstream and downstream

## MATERIALS EXPERTISE



SiC wafer



SiC power  
semiconductors

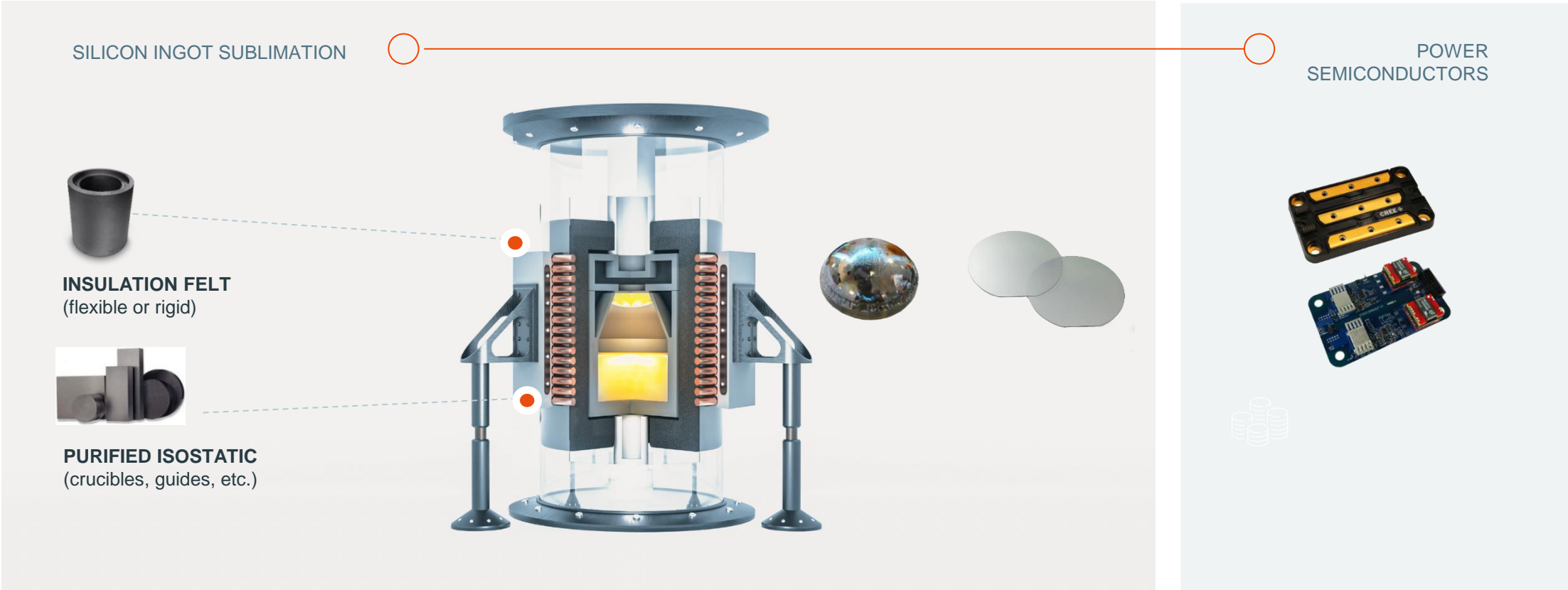
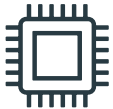
## ELECTRICAL EXPERTISE



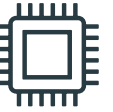
Electric vehicles



# Mersen's unique position in the complex manufacturing process for SiC – PVT process



# A major contract with Wolfspeed to accelerate the energy transition



Leader in SiC technologies, a longstanding partner of Mersen



Major investments in progress (USA, Germany)



Agreements with EV players: BorgWarner, ZF, Mercedes Benz, Jaguar Land Rover ...

Sales potential over 5 years

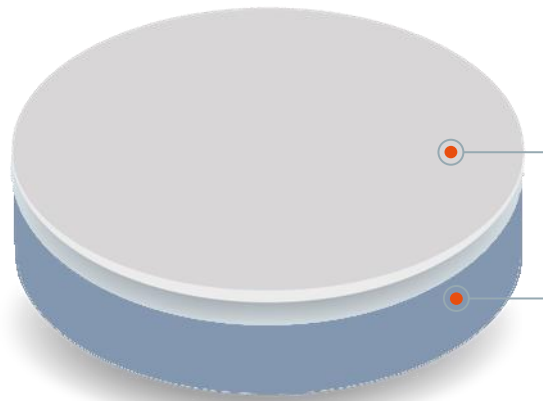
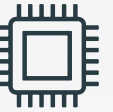
**USD400m**

Capital expenditure (2023-2025)

**USD120m**

Creation of **200 jobs** mainly in the United States

# Soitec SmartSiC™: another technology serving the SiC power semiconductor market



High-quality monocrystalline SiC layer - few  $\mu$

**soitec**

**MERSEN**

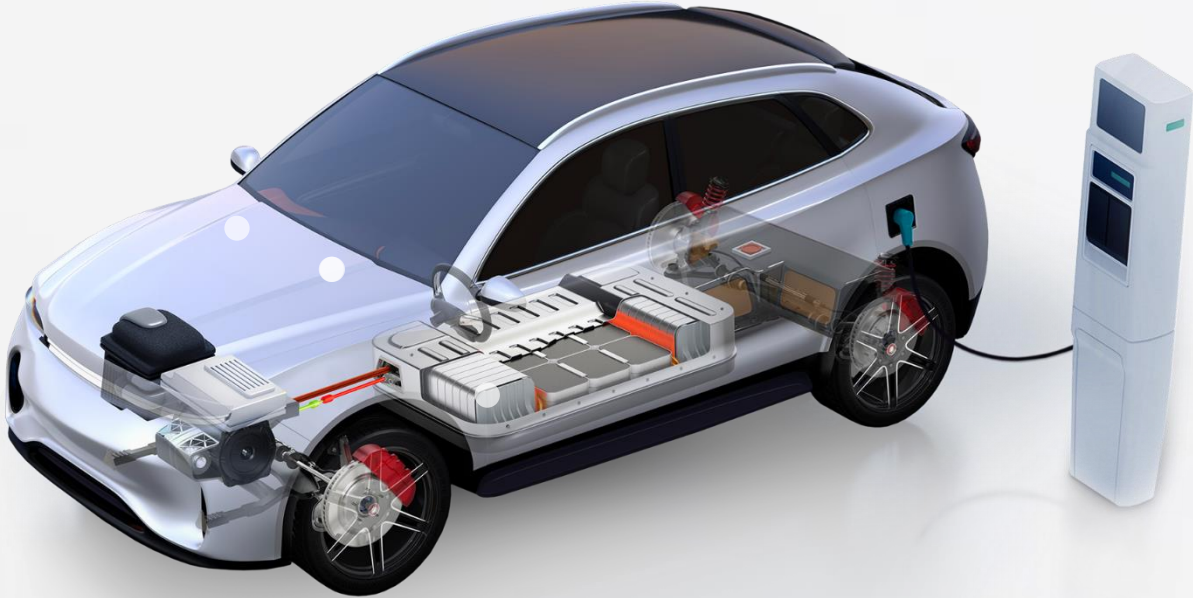
Polycrystalline SiC (p-SiC) - 400  $\mu$

	PVT	SmartSiC
COST	<p><b>High</b></p>	<p><b>Low</b> (CVD + SmartCut)</p>
DOPING	<p><b>Limited</b> by technology</p>	<p><b>High</b> to reduce resistivity</p>

# Mersen's electric vehicle offering

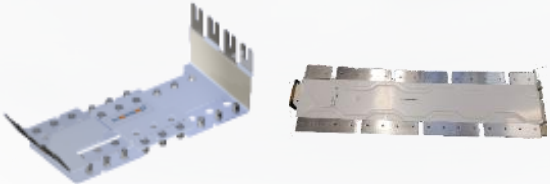


Mersen sales potential per car  
**€15-€300**



**2** PRODUCT LINES

Busbars



Fuses



# ACC contract: first major contract with a battery manufacturer



Location of the future Gigafactory in Douvrain (France)



Smart laminated busbars for ACC modules

Sales potential over 7 years

**€200m**

Investments for a dedicated workshop in St Bonnet (France) 2023-2024

**€15m-€20m**

# Two other growth markets

## Silicon semiconductors

Investments ongoing (e.g., TSMC, Samsung, Intel, SMIC, SKhynix)

Mersen positioned on the most sophisticated stages of the manufacturing process (ALD, Ion implant)



## Solar

Voluntarily limited production capacity in China

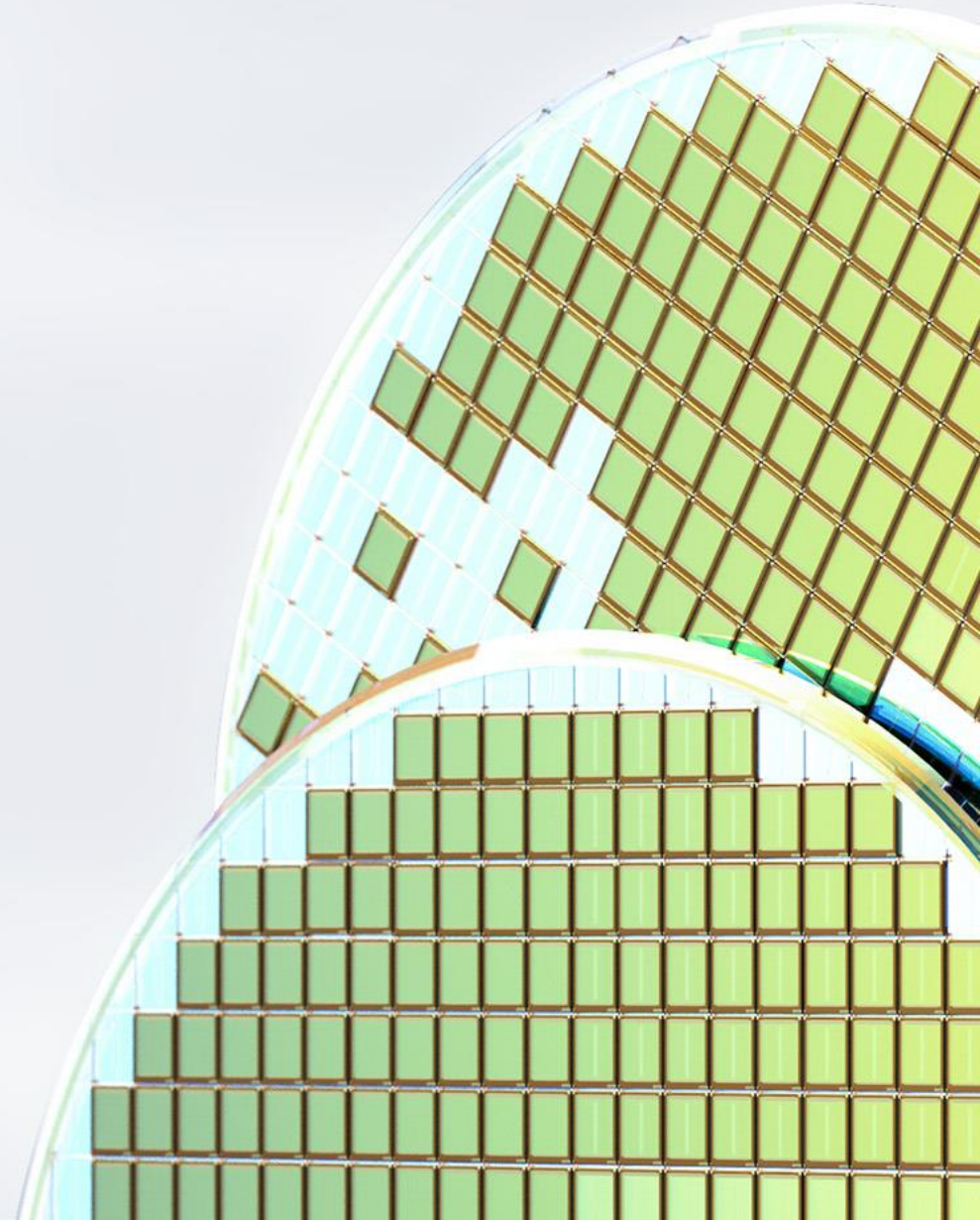
*Ongoing:* recently announced investments in the United States and India





# FIRST-HALF 2023 RESULTS

## AND 3<sup>RD</sup> QUARTER SALES



# H1 2023: dynamic growth in all markets, particularly SiC semiconductors and electric vehicles

 **Chemicals**

++

 **Process Industries**

++

 **Transportation**

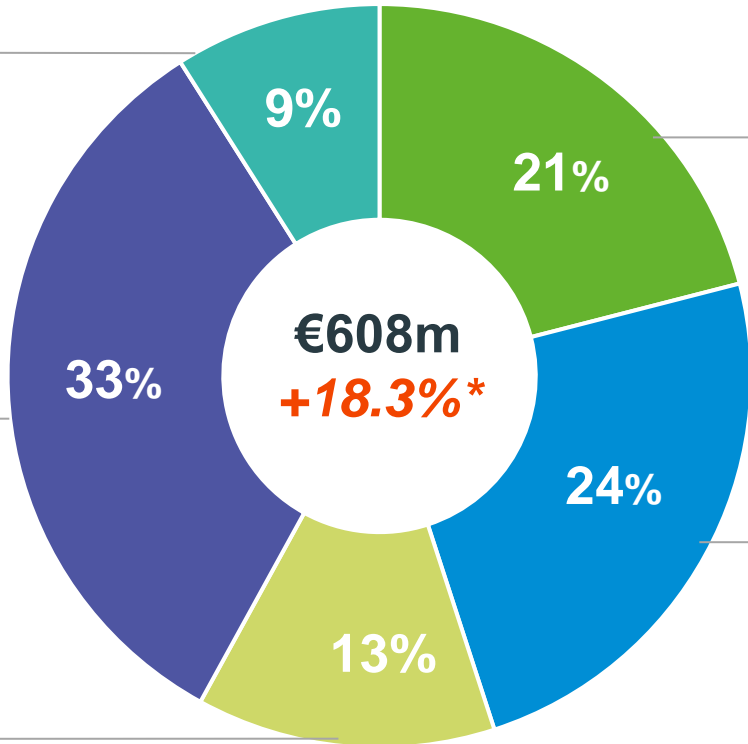
Rail ++  
Aeronautics ++  
EV +++

 **Energy**

Solar +  
Wind +

 **Electronics**

SiC semiconductors +++  
Si semiconductors ++

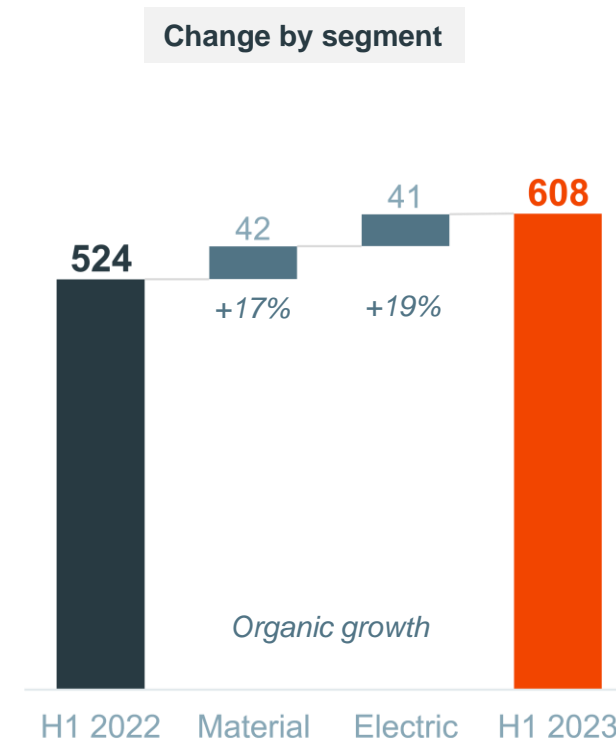
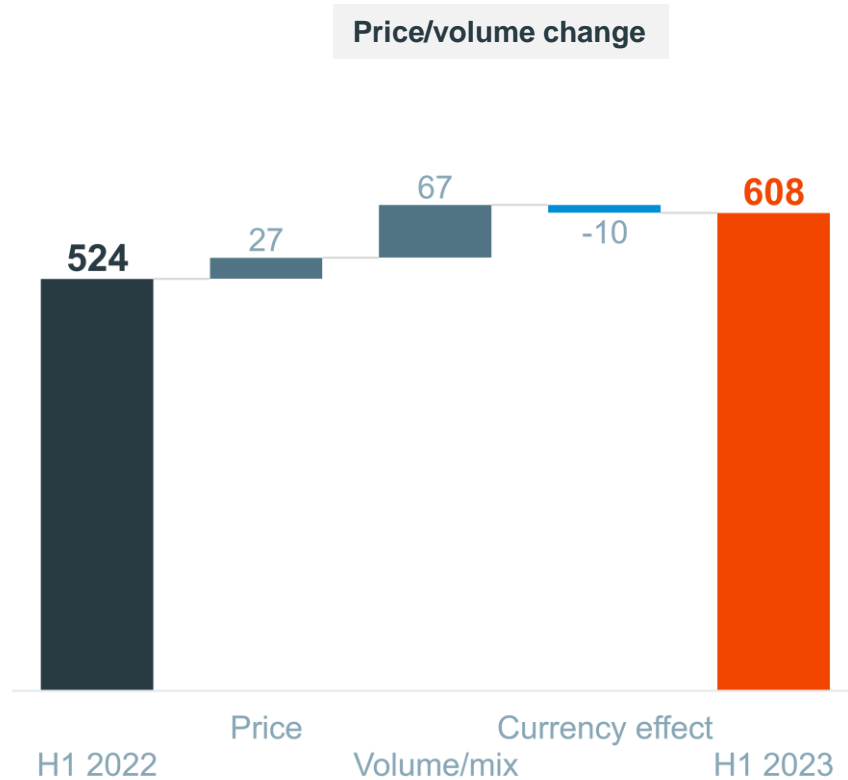


Organic growth H1 2023 vs H1 2022

+++ >+20%  
++ +10% ; +20%  
+ +0% ; +10%

\*Organic growth H1 2023 vs H1 2022

# Dynamic sales growth in the 2 segments thanks to price and volume



Sales in € million

# Strong growth in profitability

<i>in € million</i>	H1 2022	H1 2023	
<b>EBITDA before non-recurring items</b>	<b>86.9</b>	<b>100.5</b>	<b>+16%</b>
<i>Recurring EBITDA margin</i>	16.6%	16.5%	
<b>Depreciation &amp; Amortization</b>	<b>(31.9)</b>	<b>(31.7)</b>	
<b>Operating income before non-recurring items</b>	<b>55.0</b>	<b>68.8</b>	<b>+25%</b>
<i>Operating income before non-recurring items</i>	10.5%	11.3%	

- **Stable Depreciation & Amortization:**  
High level of Capex in the first half to be commissioned in the coming half years
- **ROCE = 13.3%, temporarily high**  
Very favorable context, with full capacity utilization

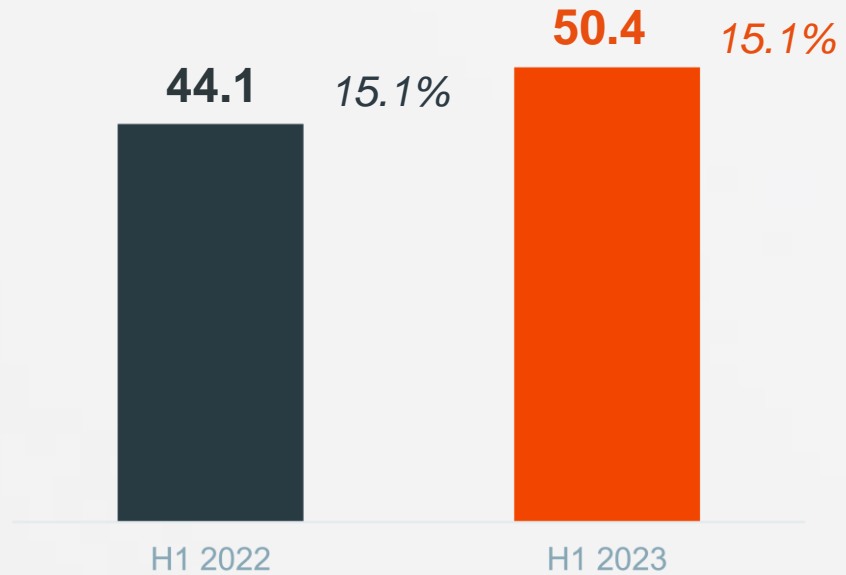
# Strong pricing power to pass on inflation

	Basis point	
<b>H1 2022 operating margin before non-recurring items</b>	<b>10.5%</b>	
Volume/mix effect	<b>+2.6</b>	
<b>Price effect</b>	<b>+4.0</b>	High-tech customized products with limited cost vs total cost  Operational Excellence, purchasing optimization  +6% on average over the period
<b>Raw material/energy inflation</b>	<b>-3.5</b>	
<b>Productivity gains</b>	<b>+1.2</b>	
<b>Wage inflation</b>	<b>-1.7</b>	
Columbia ramp-up, EV team, Soitec	<b>-0.8</b>	
Bonuses & profit-sharing	<b>-0.3</b>	
Other (including currency effects and depreciation)	<b>-0.7</b>	
<b>H1 2023 operating margin before non-recurring items</b>	<b>11.3%</b>	

# Robust operating margin in both segments

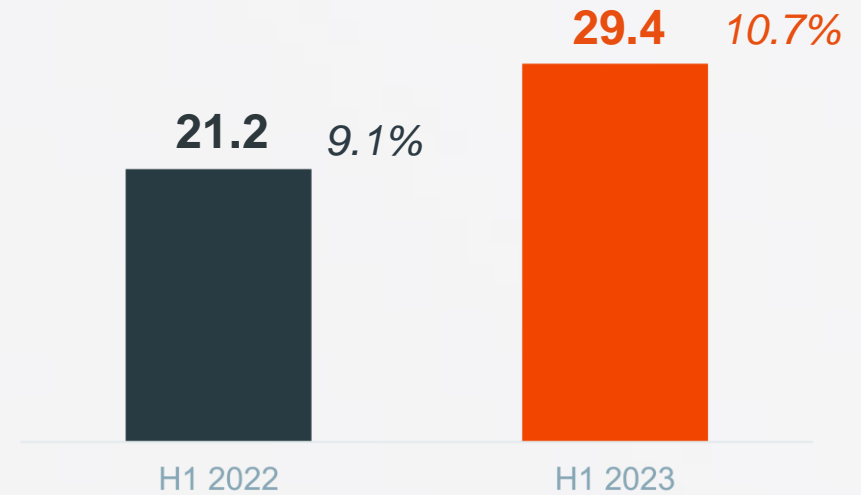
Operating income before non-recurring items (in €m)  
Current operating margin in % of sales

## Advanced Materials segment



- Positive volume/mix effect
- Price increase and productivity partially offsetting inflation
- Extra charges linked to Columbia and Soitec

## Electrical Power segment



- Positive volume/mix effect
- Price and productivity effects more than cover inflation
- Extra EV team expenses

# Net income up by a sharp 25%

in € million	H1 2022	H1 2023
<b>Operating income before non recurring items</b>	<b>55.0</b>	<b>68.8</b>
Non recurring income and expenses	(0.7)	(0.1)
Net financial expense	(5.3)	(9.0)
Income tax	(10.8)	(13.6)
Net income	38.2	46.1
<b>Attributable to Mersen shareholders</b>	<b>35.1</b>	<b>43.9</b>

- Higher net financial expense
  - Average 4% rise in EUR and USD interest rates in H1
  - 70% of gross debt at fixed rates
- Effective tax rate of 23%

# Improvement in operating Cash-flow

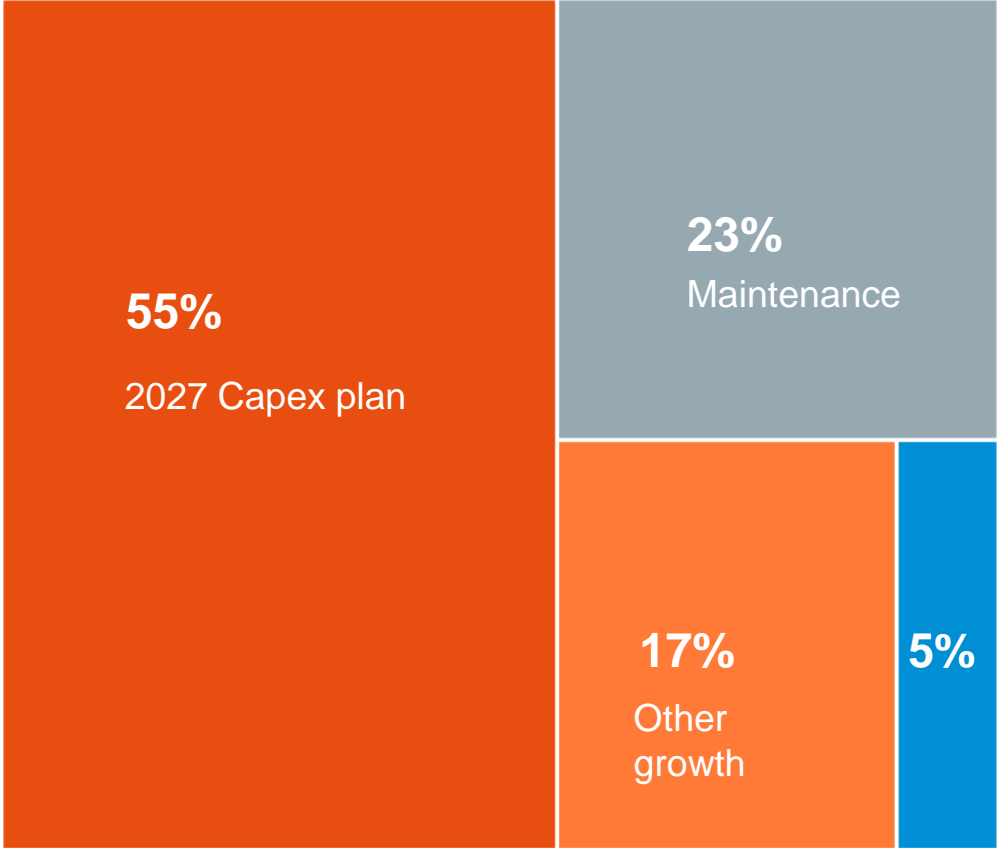
in € million	H1 2022	H1 2023
<b>Operating cash flow before change in WCR</b>	<b>82.0</b>	<b>99.2</b>
Change in WCR	(70.6)	(44.6)
<i>o/w change in inventories</i>	(55.2)	(40.4)
Income tax paid	(6.1)	(15.4)
<b>Operating cash-flow</b>	<b>5.3</b>	<b>39.2</b>

- WCR ratio: 22,9% (vs 24,8% in June 2022)
- Increased income tax paid :
  - Accelerated tax depreciation in the USA in 2022
  - Shift in 2023 in China of taxes from previous years (Covid measures)



# Capex aligned with 2027 roadmap

€62m



ACC dedicated workshop in St Bonnet de Mure, France



« New Thermal Treatment » project in Amiens, France

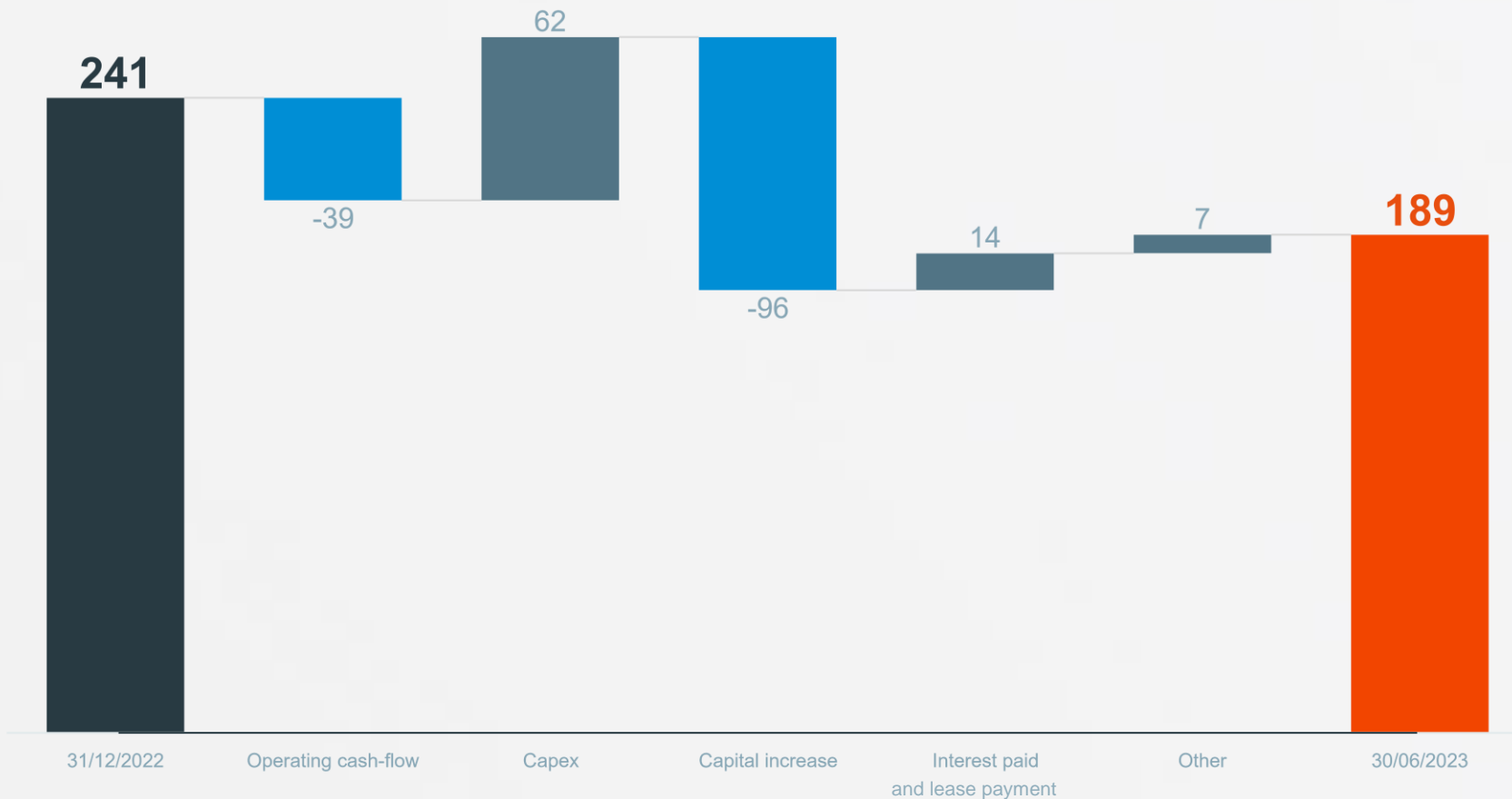


Official ribbon cutting ceremony at the Columbia plant (United States)

Safety and Environment

# Capital increase improves leverage ratio

Net debt in €m



**Leverage : 0.98x**  
(1.36x end of 2022)

Does not include lease liabilities

**€54m**

(vs. €55m at Dec. 31, 2022)

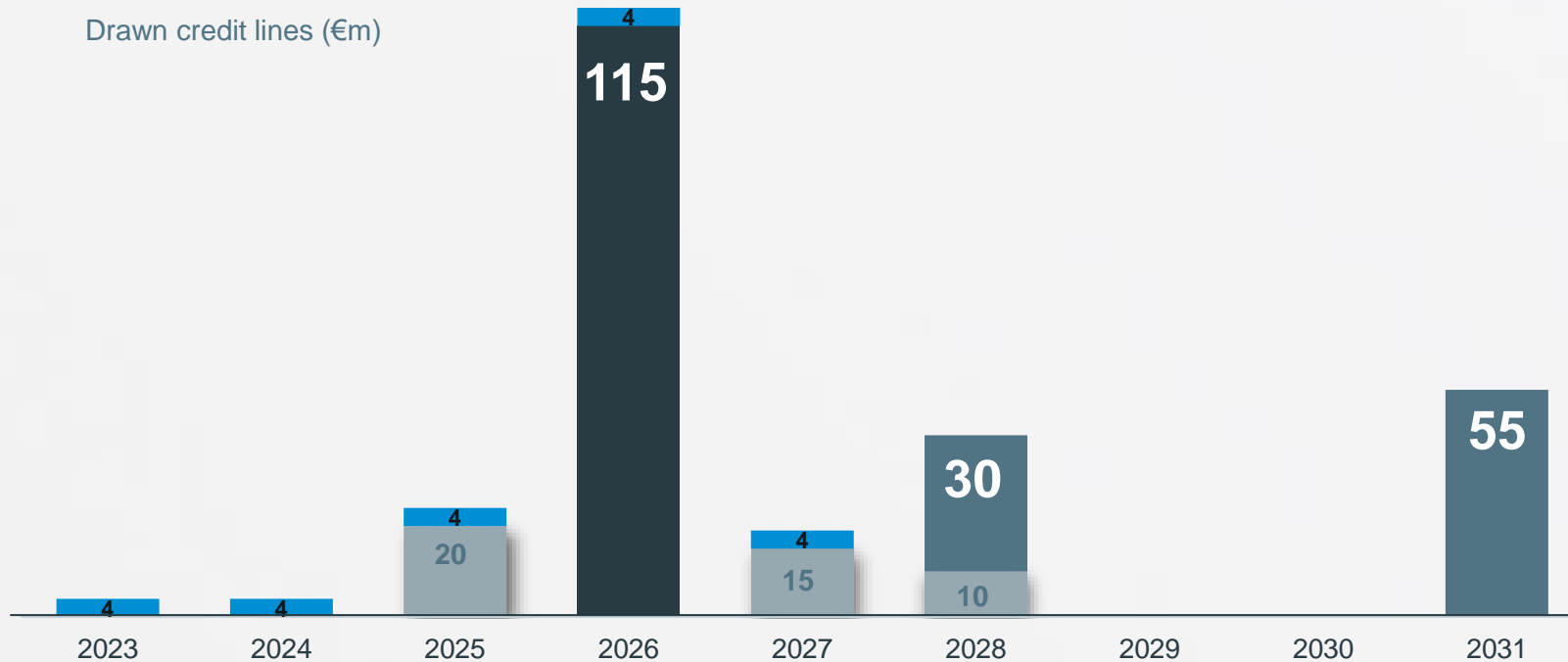
and pension obligations

**€40m**

(vs. €39m at Dec. 31, 2022)

# No significant refinancing before 2026

Drawn credit lines (€m)



\* Calculated based on the use of committed credit lines.  
NEU MTN: Negotiable European Medium-Term Note

● USPP ● Schuldschein ● NEU MTN ● BPI

## UNDRAWN COMMITTED CREDIT LINES

(IN €M) AT JUNE 30, 2023

~€320m

~€50m

Available cash

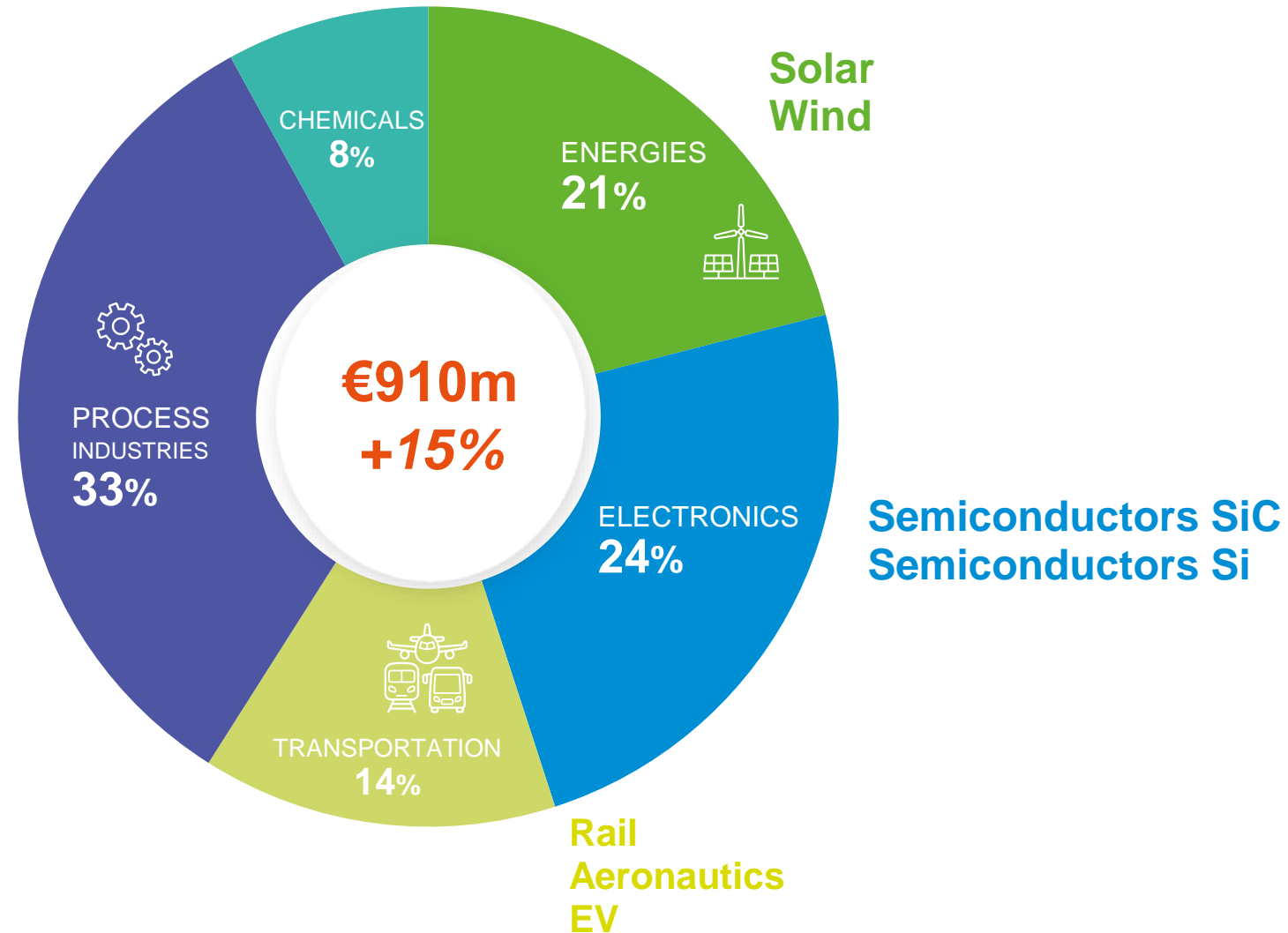
Average maturity

~ 4.5 years \*

Fixed rate

70 % of gross debt




# 9-month sales: strong growth in semicon SiC and EV



2023-9 month figures

# 2023 External targets raised in July

## Narrowed on organic growth and capex in October

	 <b>SALES</b>	 <b>OPERATING MARGIN BEFORE NON RECURRING ITEMS</b>	 <b>CAPEX</b>
INITIAL	Organic growth of between <b>5% et 10%</b>	Between <b>10.5% and 11%</b> of sales	Between <b>€150m and €200m</b>
JULY	Organic growth of between <b>10% and 12%</b>	Between <b>11% and 11.2%</b> of sales	Between <b>€150m and €200m</b>
OCTOBER	Organic growth of between <b>11% and 12%</b>	<i>unchanged</i>	Between <b>€175m and €200m</b>

# APPENDIX



# Advanced Materials: High value-added customized solutions relying on a unique materials expertise

## Anticorrosion Equipment N° 1-2 Worldwide



Engineering systems



Heat exchangers

## Graphite Specialties N° 1 Worldwide



Laser galvo scanning mirrors in Sintered SiC



Wafers carrier in ultra pure graphite for Semicon



Crucible in graphite



Carbon insulation for high temperature furnaces

## Power Transfer Technologies N° 1-2 Worldwide



Slip-rings

Brushes and brush holders



Pantograph strips



*SGL Carbon (Ger)*

*SGL Carbon (Ger), Tokai Carbon (Jp),  
Toyo Tanso (Jp), Schunk (Ger)*

*Morgan Advanced Materials  
(UK), Schunk (Ger)*

# Electrical Power: A unique portfolio serving two key applications

## Electrical Protection N° 2 Worldwide in industrial fuses



Fuses and fuse holders



Surge protection devices

Coverage of all standards worldwide: UL, IEC, DIN, etc.

Competitors: Eaton(US), Littelfuse (US)

## Power Conversion N° 2 Worldwide (components)



Fuses for semiconductors

Fuses for EV



Busbars

Cooling devices



Capacitors

Only customized offering of bundled passive components on the market

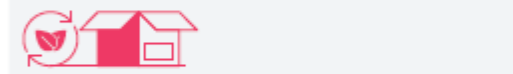
Competitors: Eaton (US), Rogers (US), Methode (US), Lytron (US), Cornell Dubilier (US), Panasonic (Jp)



# 4-pillar CSR strategy 2022-2025

## RESPONSIBLE PARTNER

Mersen meets the expectation of suppliers, users, partners and other stakeholders across the value chain, driven by a commitment to progress for all and guided by strict ethical principles.



### ENSURING RESPONSIBLE PURCHASING

- Strategic suppliers CSR self-assessment
- 100%** of suppliers in 2022
- Conduct audits or visits to suppliers based on their CSR rating



## LIMITING OUR ENVIRONMENTAL IMPACT

Mersen has a responsibility to limit the environmental impact of its operations, particularly by reducing CO<sub>2</sub> emissions.

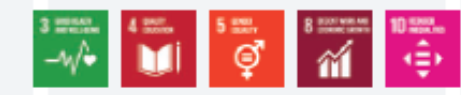
<p><b>LIMITING GREENHOUSE GAS EMISSIONS</b></p> <ul style="list-style-type: none"> <li>• Reduce GHG emission intensity by <b>20%</b> (vs. 2018)</li> </ul>	<p><b>RECYCLING WASTE</b></p> <ul style="list-style-type: none"> <li>• Increase the share of waste recycled to <b>75%</b></li> </ul>	<p><b>LIMITING WATER CONSUMPTION</b></p> <ul style="list-style-type: none"> <li>• Reduce water consumption by <b>10%</b> (vs. 2018)</li> </ul>
--	--	--



## HUMAN CAPITAL

Around the world, Mersen strives to help employees, communities and talent grow while paying the utmost respect to human rights, health and safety, and diversity.

<p><b>PROMOTING EQUAL OPPORTUNITY AND DIVERSITY</b></p> <ul style="list-style-type: none"> <li>• Encourage gender diversity in the workplace:</li> <li>- % women in senior management positions: <b>25%</b></li> <li>- % women engineers and managers: <b>&gt; 27%</b></li> <li>• Improve inclusion of people with disabilities: increase their number <b>x2</b></li> </ul>	<p><b>PROMOTING A SOCIAL RESPONSIBILITY POLICY FOR ALL</b></p> <ul style="list-style-type: none"> <li>• Provide social protection with a universal indemnity in the event of death in service</li> <li>• Standardize profit-sharing schemes</li> <li>• Adopt a minimum amount of paid leave in all countries</li> </ul> <p>Employee beneficiaries <b>100%</b></p>	<p><b>PROMOTING WELL-BEING, HEALTH AND SAFETY AT WORK</b></p> <ul style="list-style-type: none"> <li>• Keep LTIR <math>\leq 1,8</math> and SIR <math>\leq 60</math></li> <li>• Continue prevention efforts: increase the number of management safety visits by <b>20%</b></li> </ul>
---	---	--



## ETHICS AND COMPLIANCE CULTURE

Mersen owes its development to a great extent to the trust and confidence that the Group inspires in its stakeholders.

- Compulsory ethics training for new hires  
Compulsory refresher training every 2 years (individual or theme-based training by site)
- Compulsory cybersecurity training for employees with a personal computer

# Targeting markets acting for a more sustainable society

**56%** of total 2022 sales dedicated to sustainable development markets  
(Energy efficiency, renewable energies, semiconductors, power electronics, green transportation)

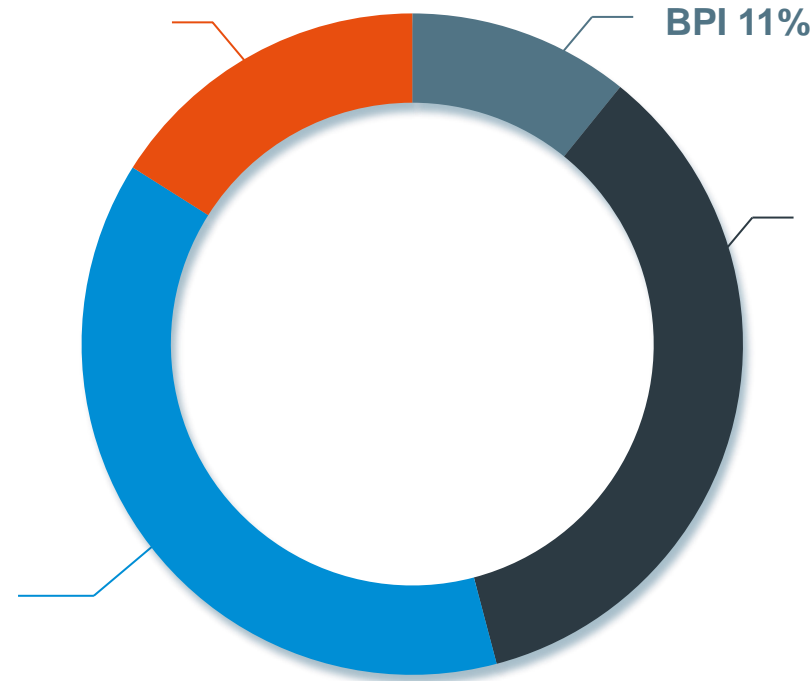
EU Green taxonomy - Sales	
Eligible	29%
Qualifying	48%
<b>Total</b>	<b>77%</b>
<i>Incl. aligned</i>	14%

EU Green taxonomy - Capex	
Eligible	27%
Qualifying	37%
<b>Total</b>	<b>64%</b>
<i>Incl. aligned</i>	13%

# Shareholder's structure as of June 2023

**Individuals  
& treasury shares  
16%**

**Other institutional  
investors  
38%**



**BPI 11%**

**Other French institutional investors  
35%**